

# Annual Business Plan 2018-2019 Summary

## What is the Annual Business Plan?

The Annual Business Plan (ABP) links our Strategic Plan 2014-18 with the annual budget planning process to ensure we continue to develop and maintain essential infrastructure services like roads, bridges and open spaces, and provide important services like libraries, health, planning and waste collection.

The 2018-19 APB and Budget will be presented for adoption by Kangaroo Island Council at the general Council meeting on **12 June 2018**. This follows a 21 day public consultation period including public meetings in Kingscote and Adelaide. During this period, the public was invited to attend meetings and provide feedback on the ABP and Budget. The ABP identifies Council's commitment to projects for 2018-19. This plan is derived from Council's Strategic Management and Action Plan 2014-18 and aims to maintain and improve relevant, efficient services for the Community.

Council has adopted an ambitious 10 year Long Term Financial Plan (LTFP) with the end objective being financial sustainability. The 2018-19 ABP is the fourth year of the LTFP. Council is committed to this 10 year journey which will include identifying and adopting specific objectives and actions for the year consistent with our Strategic Plan, LTFP and the Infrastructure and Asset Management Plans (IAMP) to ensure the appropriate management of Council's revenue.

## Significant Influences and Priorities

A number of significant factors have influenced the preparation of Council's 2018-19 ABP, including the following:

To meet the needs of the Capital Works Program, the LTFP demonstrates that \$1.5M is a sustainable level of borrowing for the Council in future years. Coupled with the State-provided \$2M Unsealed Roads Upgrade Program and \$655,000 provided by other funding sources, we expect to deliver over \$4M of infrastructure and asset upgrades in 2018-19.

Roads to Recovery (R2R) funding for 2018-19 will revert to \$568,000 down from \$937,000 last FY. This will be spent on the Capital Works Program.

## Kangaroo Island Council Services

All Councils have responsibilities under the *Local Government Act 1999* and other legislation. These include:

- Regulatory activities e.g. maintaining the voters' roll and supporting the elected Council
- Setting rates, preparing an annual budget and strategic management plans for the area
- Management of basic infrastructure including roads, footpaths, parks, public open spaces, street lighting and rubbish collection
- Development planning and control, including building fire safety assessment, Environmental health services
- Fire protection
- Dog and cat management
- Library services
- Parks and gardens

In response to Community needs, Kangaroo Island Council also provides:

- Economic development
- Environmental programs
- Public amenities
- Ovals and sporting areas
- Playgrounds
- Community programs and development
- Car parking
- Tidal swimming pool

Council seeks to be responsive to changing needs and undertakes regular Community surveys to ascertain levels of satisfaction to help identify areas of improvement.

Council operates a number of facilities on a fee for service basis which provide an important Community benefit whilst generating revenue for Council. For further information please refer to the Fees and Charges Schedule on our website:

[www.kangarooisland.sa.gov.au/publications](http://www.kangarooisland.sa.gov.au/publications)

## Funding the Business Plan

Consistent with Council's Strategic Plan, all expenditure in 2018-19 will be funded by operating revenues, capital grants and reserves.

## Payment by Instalments

Proposed due date for payment of the first rate instalment will be on Friday **7<sup>th</sup> September 2018** with subsequent instalments due on the 7<sup>th</sup> day of the quarters - **7<sup>th</sup> December 2017, 7<sup>th</sup> March 2019 and 7<sup>th</sup> June 2019**.

Rates can be paid by credit card, cheque, Bpay, internet and at the Council office.

## BUDGETED STATEMENT OF COMPREHENSIVE INCOME 2018-19

<b>Operating Income</b>	<b>\$'000</b>
Rates	\$ 10,177
Statutory Charges	\$ 225
User Charges	\$ 1,191
Grants, subsidies and contribution	\$ 4,632
Investment Income	\$ 6
Reimbursements	\$ 411
Other Income	\$ 72
<b>TOTAL INCOME</b>	<b>\$ 16,714</b>
<b>Operating Expenses</b>	
Net Employee Costs	\$ 5,015
Net Material Costs	\$ 7,092
Depreciation, Amortisation & Impairment	\$ 5,454
Finance Costs	\$ 628
<b>Less TOTAL EXPENSES</b>	<b>\$ 18,189</b>
<b>Operating Surplus (Deficit)</b>	<b>-\$ (1,475)</b>
Add Capital revenues (Grants, Cont & FOC)	\$ 2,665
<b>Net Surplus (Deficit)</b>	<b>\$ 1,180</b>
<b>Net Capital Works – Renewal/Replace of Assets (\$,000)</b>	<b>\$ 794</b>
<b>Net Capital Works – New/Upgraded Assets (\$,000)</b>	<b>\$ 1,670</b>

## Key Points from Council's Budget 2018-19

### Consumer Price Index (CPI) of 2.3%

**Realignment of primary production differential (90.0%-92.5%) to residential (100%) over time.**

**An allowance of 1% increase in capital valuation for property value & number of rateable properties as assessed by the State Valuer General.**

**Continued efficiencies in the management of waste will see the service charge for kerbside collection and waste management remain at the 2017-18 rate.**

**CWMS service charges will increase by 2.3% to \$631 in line with CPI, reflecting the forecast made in last year's Annual Business Plan. This service charge will be allocated to those properties that have the capability to be connected to one of the schemes and does not apply to all ratepayers.**



## Major Achievements for 2017-18

As per Section 123 (11) of the Local Government Act 1999, Council have achieved objectives of the 2017-18 Annual Business Plan, including:

### Community Projects

- ✓ Community Capital Infrastructure Grant funded \$128,000 delivering \$444,000 project value
- ✓ Community Partnership Grant Program funded \$16,212 delivering \$32,424 project value
- ✓ 30 Community sponsorship granted to 20+ organizations including Council facilities hire, DA's
- ✓ Australia Day, ANZAC Day, Settlement Day and Remembrance Day civic events

### Capital and Operational Works

- ✓ Kingscote CWMS Rising Main C upgrade – \$ 1,600,000
- ✓ Public Toilet facilities at Stokes Bay – \$ 110,000
- ✓ Kingscote Walking Trail Stage 4 – \$ 150,000
- ✓ Unsealed Roads (Baudin Beach, Gap Rd, Cape Borda Rd, Jetty Rd Vivonne, Pennington Bay, Min Oil Rd, Trethewey Tce., Muston Rd, Ten Trees Rd) – \$ 867,000
- ✓ Bridge Upgrades – \$ 88,000
- ✓ Sealed Roads (Dover Farm Rd, North Tce, Anzac St, Giles St, Osmond St, Flinders Ave) - \$ 207,000
- ✓ Kerbs & Car Parks – \$ 247,000
- ✓ Storm water drains – Kingscote – \$ 107,000
- ✓ Plant and Equipment (6m Truck, Tar Truck and Heavy Multi-wheel Roller) – \$ 435,000
- ✓ Cemetery Extension – Kingscote – \$ 30,000
- ✓ Baudin Beach Breakwater – \$ 58,000
- ✓ Penneshaw Parks and Gardens – \$ 10,000
- ✓ DPTI Unsealed Road work Year 7 (Rowland Hill Highway) – \$2M

## Project Priorities for 2018-19

### Infrastructure

- ✓ Sealed Roads \$ 827,400 – The Lane, Christmas & Clark St, South Coast Rd, Trethewey Tce, Knofel Dr, Giles St, Ayliffe St, Lovers Lane & Playford Highway, Hillview Rd & Playford Highway, Redbanks Rd, Emu Bay Rd, Intersections with DPTI Rds – Bullock Track, North Coast Rd, Angle Pole Rd, Pennington Bay Rd; Intersections with Playford Highway – McHugh Rd, Harriet Rd, Turkey Lane, South Coast Rd & Elsegood Rd
- ✓ Unsealed Roads \$ 545,000 – Island Beach Roads, Pratts Rd, Dover Farm, Jews Highway, Blue Gums Rd, Hungerford Rd, Doug Rd, Frank Rd, Old Salt Lake Rd, Moffatt Rd, Wedgewood/Hickman Rd
- ✓ Unsealed Road Upgrade Program Year 8 – \$ 2M – Three Chain Rd
- ✓ Kerbs \$ 170,000 – Investigator Ave
- ✓ Public Amenities \$ 60,000 – Penneshaw Toilet Upgrade
- ✓ Plant Replacement \$ 460,000 – Roadside Vegetation Equipment, Mitsubishi Canter
- ✓ Stormwater \$ 160,000 - American River
- ✓ Cemeteries \$ 10,000
- ✓ Buildings \$ 82,000 - Gallery, Pavilion & Toilet Block Kingscote

### Recreation and Open space

- ✓ Stage 5 \$ 150,000 Brownlow to Kingscote Walking Trail

### Continuing Community Programs

- ✓ 2018-19 Community Capital Infrastructure Grant program \$ 100,000, Community Partnership Grants Program \$ 20,000, Community and Youth Sponsorship Programs \$ 20,000

### Tourism and Economic Development Fund

- ✓ This represents Council Managed Funds partitioned from the CCIGP for leverage with State Government funding to support social and economic development need \$ 150,000 – includes township structure plans and traffic management plans.

## What this all means For Rates

Council will continue to use the capital value of properties as the basis of rating land within the Council area for FY 2018-19. The ABP:

- ✓ Adopting for rating purposes the Valuer-General's valuations of capital values applicable to land within the Council area
- ✓ Imposed a fixed charge of \$290 in respect of each separate piece of rateable land in the Council area, which is unchanged from the previous financial year.
- ✓ Imposed annual service charges as follows:

In respect of land serviced by the Council's waste management recycling service - \$221 for treatment and disposal and \$115 for collection which is unchanged from the previous financial year.

In respect of land serviced by the Council's Community Waste Water Management Systems - \$631 for both vacant and occupied land within the following township and settlement schemes: Kingscote and Brownlow, Parndana, Parndana East, American River and Penneshaw.

## 2018-19 Proposed Differential Rates (cents in the dollar)

- \$ 0.3401 – Residential
- \$ 0.3605 – Commercial, Industrial, Marinas and Other rateable land.
- \$ 0.3146 – Primary Production
- \$ 0.5136 – Vacant Land

## NRM Levy

Kangaroo Island Council is required by State Government legislation to collect the Natural Resource Management (NRM) Levy on behalf of Kangaroo Island Natural Resource Management Board. **The NRM Levy is not a Council charge.**

The total amount budgeted to be raised from the NRM levy for 2018-19 is \$394,625 which is levied as a flat charge of \$80.40 per property assessment.

## Business Planning Challenges/Context

Kangaroo Island Council is unique, being the only island-based Council in South Australia. It presents a number of challenges in planning the delivery of services, which include:

- ✓ A small population of approximately 4,417 residents, a rate base of only 5,543 rateable properties and a moderate budget of \$18.2M
- ✓ A large land mass of 4,400km2 with a 1,484km road network places a significant financial burden on Council in relation to maintenance and upgrade
- ✓ Unsubsidised travel and freight costs between the mainland and Island
- ✓ A significant shortfall in revenue compared to the amount of money required to provide services and facilities to the level expected by ratepayers, residents, business operators and visitors to the Island.